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FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4672
INFO RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY
RUEKJCS/SECDEF WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOC/USDOC WASHDC
RUEHNE/AMEMBASSY NEW DELHI 2698
RUEHDO/AMEMBASSY DOHA 1482
RUEHKP/AMCONSUL KARACHI 8754
RUEHLH/AMCONSUL LAHORE 4669
RUEHPW/AMCONSUL PESHAWAR 3338
RUEHBI/AMCONSUL MUMBAI 3743

C O N F I D E N T I A L SECTION 01 OF 03 ISLAMABAD 000392

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E.O. 12958: DECL: 01/24/2018

TAGS: [ECON](#) [PREL](#) [ETRD](#) [EAID](#) [EINV](#) [EFIN](#) [PGOV](#) [PK](#)

SUBJECT: AMERICAN COMPANIES EXPERIENCE INCREASED DIFFICULTY DOING BUSINESS IN PAKISTAN

REFS: (A) Islamabad 191, (B) Islamabad 228, (C) Islamabad 288

Classified By: DCM Peter W. Bodde, Reasons 1.4 (b), (d)

¶1. (C) SUMMARY: Embassy Islamabad has received an increased number of complaints from American companies over the last several months regardir

PROBLEMATIC GOP CONTRACT BIDS WORTH USD 1.7 BILLION

¶2. (C) GENERAL ELECTRIC (GE): GE won a tender for a Railways Re-signaling Project with the Ministry of Railways worth USD 46 million in Phase

¶3. (C) GE CURRENT STATUS: On Dec 19, a letter was sent to the Chairman of the Pakistan Railways by the Ambassador requesting that the transpar

¶4. (C) ORACLE: Oracle is interested in projects with Pakistan International Airways (PIA) worth USD 23.5 million. PIA plans to implement ERP (

¶5. (C) ORACLE CURRENT STATUS: Samina Rizwan, Regional Director, reported on December 19 that Oracle was structured out of the ERP project and

¶6. (C) BELL HELICOPTERS: Bell Helicopter bid on a tender with the Pakistan Military worth USD 35 million. The Cabinet Division plans to procur

¶7. (C) BELL CURRENT STATUS: The GOP tender was structured for the specifications of Agusta helicopters. All competitors were structured out of

¶8. (C) AES: AES has the opportunity to build a 1000-1200 MW Coal Fired imported Power Plant near Karachi worth USD 1.6 billion. The Private P

¶9. (C) CURRENT STATUS: AES reported to ECON that they are getting signals from the GOP that the tender process for the power plant may not inv

NON-PAYMENT ISSUES WITH GOP WORTH USD 85.2 MILLION

¶10. (C) CHEVRON: The GOP owes Chevron nearly USD 3 billion rupees (USD 50.2 million) in back payments on differential price claims from August

¶11. (C) CHEVRON CURRENT STATUS: The Ministry of Petroleum and Natural Resources is willing to pay, but they and Chevron report that the Minist

¶12. (C) AES: AES reports that the Pakistan Water and Power Development Authority (WAPDA) consistently does not pay the company in a timely mar

¶13. (C) AES CURRENT STATUS: AES has received some payment for electricity production and is currently operational but the company is still owe

THE GOP CASH CRUNCH AND GOVERNMENT SPENDING

¶14. (C) The GOP's cash crunch is due to increased fuel and food subsidy bills, lack of political will to pass through increased international This increased spending means that there is less money available to pay outstanding bills or contemplate new projects (ref C), particularly sir

REPORTED IPR VIOLATIONS WORTH USD 30 MILLION

¶15. (C) NETSOL TECHNOLOGIES: NetSol has a pending IPR investigation worth USD 20 million. The company reported Dec 20 that two former employee

¶16. (C) NETSOL CURRENT STATUS: Embassy drafted letters requesting information from the FIA on the status of this on-going investigation. Embas

¶17. (C) MICROSOFT CORPORATION: GOP currently uses 90 percent of pirated Microsoft Software for its operations worth USD 10 million. In an Apri

¶18. (C) MICROSOFT CURRENT STATUS: Bill Gates sent a letter to former Prime Minister in June 2007 to follow up on their agreement and Microsoft

¶19. (C) COMMENT: With an estimated total of approximately USD 1.82 billion at stake, Embassy Islamabad considers the increased activity a trou PATTERSON